

## Message Text

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63

ACTION EUR-25

INFO OCT-01 ADP-00 AGR-20 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 PA-03 PRS-01 USIA-12

SS-15 NSC-10 RSR-01 /152 W  
----- 079539

P R 131800Z JUL 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 8106

INFO AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, EGEN, BE

SUBJ: BELGIAN REACTION TO U.S. EXPORT CONTROLS

REF: A) STATE 135419 B) BRUSSELS 3750 C) BRUSSELS 3823

D) BRUSSELS 3638

1. SUMMARY. EXCEPT FOR FEED MANUFACTURERS AND OIL CRUSHERS,  
BELGIAN REACTION TO U.S. EXPORT CONTROLS WAS FOCUSSED PRIMARILY  
ON THE UNFAVORABLE IMPACT SUCH ACTIONS WILL HAVE ON NATIONAL  
AND EC AGRICULTURAL AND TRADE POLICY DECISIONS. THE FEED AND  
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OILSEED INDUSTRIES PREDICT SERIOUS, ADVERSE ECONOMIC CONSEQUENCES

FROM SUCH CONTROLS AND ARE EXTREMELY DISTURBED AND APPREHENSIVE.  
DOMESTIC CROP PROSPECTS CONTINUE TO BE EXCELLENT.

2. NO INTERNATIONAL SALES CONTRACTS FOR ANY OF THE COMMODITIES  
LISTED IN PARA. 2 OF REF (A).

3. NO MAJOR CHANGE IN CROP PROSPECTS SICE REPORT OF JUNE 29  
(REF (D)) BUT ALMOST IDEAL WEATHER CONDITIONS SINCE THAT DATE  
MAY PERMIT PRODUCTION SLIGHTLY TO EXCEED THOSE FORECASTS, WHICH  
WERE FOR 825,000 METRIC TONS OF WHEAT AND 1,065,000 METRIC TONS  
OF FEED GRAINS.

4. INITIAL REACTION TO IMPOSITION OR THREAT OF EXPORT CONTROLS  
REPORTED IN REF'S (B) AND (C). DEEP CONCERN WAS EXPRESSED  
MAINLY BY FEED MANUFACTURERS AND OILSEED CRUSHERS AND THEIR  
ASSOCIATIONS. GOVERNMENT OFFICIALS AND FARM ORGANIZATION LEADERS  
REACTED MORE CALMLY. A BRIEF FLURRY OF COMMENT IN THE PRESS  
FOLLOWED LARDINOIS' PRESS CONFERENCE BUT SOON SUBSIDED.

5. DURING PAST FEW DAYS FEED AND CRUSHING INDUSTRY OFFICIALS  
HAVE EXPRESSED DEEPENING CONCERN OVER SUPPLY SITUATION. FEED  
MANUFACTURERS (FEFAC) CLAIM THAT CURRENT STOCKS WILL COVER ONLY  
ABOUT 30 DAYS REQUIREMENTS, BOTH FOR BELGIUM AND FOR EC AS A  
WHOLE, AND THEY ARE VERY ANXIOUS TO LEARN PRECISELY QUANTITIES  
PERMITTED TO BE SHIPPED UNDER LICENSE. BELGIAN GOVERNMENT HAS  
BEEN ASKED TO ESTABLISH BY DECREE MAXIMUM PERCENTAGE OF PROTEIN  
MEAL WHICH CAN BE USED IN FEED FORMULAS. MINAGR OFFICIALS  
CONSIDERING REQUEST AND MAY RELUCTANTLY GRANT IT BUT THEY SUSPECT  
SUPPLY ESTIMATES ARE TOO CONSERVATIVE AND FEAR SUCH ACTION WOULD  
HAVE UNFAVORABLE REPERCUSSIONS ON ALTERNATIVE INGREDIENTS AND  
ON QUALITY OF THE END PRODUCT. FEFAC OFFICIALS WILL PRESS ALL  
NATIONAL GOVERNMENTS FOR MEASURES TO STRETCH PROTEIN SUPPLIES  
AND FOR STRONG REPRESENTATIONS TO U.S. FOR SPECIAL TREATMENT  
FOR TRADITIONAL CUSTOMERS AND FOR EARLIEST POSSIBLE TERMINATION  
OF CONTROLS.

6. OILSEED CRUSHERS (FEDIOL) FEEL THEY ARE EVEN WORSE OFF THAN  
FEED MANUFACTURERS AND SUSPECT LATTER HAVE UNDERSTATED  
PROTEIN STOCKS. THEY CLAIM THEIR OWN SOYBEAN SUPPLIES WILL BE  
EXHAUSTED WELL BEFORE END OF SEPTEMBER.  
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7. GOVERNMENT OFFICIALS WERE SO SURPRISED BY EXPORT CONTROLS THEY  
HAVE BEEN UNABLE SO FAR EITHER TO ASSESS THE IMPACT ON THE ECONOMY  
OR TO DETERMINE WHAT CHANGES IN POLICIES WILL BE NECESSARY AS  
RESULT. ONLY AGREEMENT IS THAT UNFORTUNATE CHANGES IN BOTH  
NATIONAL AND EC AGRICULTURAL POLICIES ARE PROBABLE. ONE HIGH  
MINAGR OFFICIAL (DE BRUYCKER) WHO HAS BEEN PARTICIPATING IN  
INFORMAL CAP POLICY REVIEW SESSIONS FEARS THAT CONSERVATIVE

ELEMENTS, WHO HAVE BEEN FIGHTING REARGUARD ACTION AGAINST ANY  
REDUCTION IN CAP PROTECTION OR OTHER LIBERALIZING ACTION, WILL BE  
GREATLY STRENGTHENED. THE EFFECT ON MTN WILL BE SIMILAR AND, AT  
BEST, MEANINGFUL NEGOTIATIONS WILL BE EVEN LONGER DELAYED.  
STRAUSZ-HUPE

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## Message Attributes

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